

RESOLUTION # _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MISSION, TEXAS
ESTABLISHING A POLICY GUIDELINE FOR THE REDUCTION OF OPERATING
TRANSFERS FROM THE UTILITY FUND TO THE GENERAL FUND**

WHEREAS, the City of Mission, Texas (the City) has traditionally made operating transfers from the Utility Fund to the General Fund, and

WHEREAS, the City Council desires to continue the competitiveness of the utility system and to reduce the Utility Fund transfers to a level supportable by current utility business practices, and

WHEREAS, if utility services had been provided by a privately-owned utility instead of the City's publicly owned utility, such utility would have paid a Franchise Fee to the General Fund of the City,

THEREFORE, BE IT RESOLVED by the City Council of the City of Mission, that the following policy guideline regarding franchise fees and operating transfers from the utility system is hereby adopted:

Section 1. Franchise Fees. The City shall budget annually a Franchise Fee from the Utility Fund that equals the Franchise Fee that would have been paid had water and sewer services been provided by an investor-owned utility. The franchise fee shall be calculated by multiplying all operating revenues of the water and sewer systems made within the City's corporate boundaries by 20%. The Franchise Fee shall be reported as a transfer out from the Utility Fund and as a transfer in the General Fund.

Section 2. Limitations. The City must reduce the total percent of Utility Fund transfers. The goal will be a 2% annual reduction in Utility Fund transfer covered by Utility Fund revenues until the total transfer equals 15% of all operating revenues from the Utility Fund which is the amount of the payment from the Franchise Fees.

Section 3. Exceptions. The percentage amount to be reduced on an annual basis from the Utility Fund under this resolution may be increased or reduced upon approval of the City Council to equal to the 15% Franchise Fee established by this resolution.

Approved on this the ____ day of _____, 2019.

DRAFT